

**10/17/77 [2]**

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THE WHITE HOUSE  
WASHINGTON

October 17, 1977

Esther Peterson

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

Rick Hutcheson

cc: The Vice President  
Stu Eizenstat  
Frank Moore  
Jack Watson

RE: NEW SUBSTITUTE CONSUMER AGENCY  
BILL

THE WHITE HOUSE  
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
/	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
	/	MONDALE
		COSTANZA
	/	EIZENSTAT
		JORDAN
		LIPSHUTZ
	/	MOORE
		POWELL
	/	WATSON
		LANCE
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to
	Carp/Huron within
	48 hours; due to
	Staff Secretary
	next day

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	KING

	KRAFT
	LINDER
	MITCHELL
	MOE
/	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

October 14, 1977

MEMORANDUM FOR:

THE PRESIDENT

FROM:

ESTHER PETERSON

SUBJECT:

New Substitute Consumer Agency Bill

We are making real progress toward establishment of a consumer agency. Many members of Congress expressed a desire to support legislation to give consumers a voice in government, but had reservations about some specific provisions contained in H.R. 6805. As a result, Congressional supporters and members of my staff have compiled a new proposal with significant revisions. The compromise is good and workable.

Attached is supplementary material.

Attachments

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*Sounds ok -  
Good Luck  
C*

## THE CONSUMER REPRESENTATION AND REORGANIZATION ACT OF 1977

- \* Creates an Office of Consumer Representation (OCR) to represent consumer interests before federal agencies and courts.
- \* Transfers the resources of 26 existing consumer programs totaling \$11.6 million to the new OCR and requires OMB to cut an additional \$8.5 million in consumer-related spending from the FY-79 budget request. This amounts to a net savings of \$5 million above the \$15 million cost of the OCR in its first year.

### HOW DOES OCR DIFFER FROM THE AGENCY FOR CONSUMER PROTECTION IN H.R. 6805?

- \* A statutory reorganization would consolidate existing consumer programs now scattered throughout the federal government (see above).
- \* OCR would have no greater rights than those rights already enjoyed by advocates for business interests--
  - \*\* OCR would have no interrogatory power. It could not require business to answer interrogatories or to file mandatory reports.
  - \*\* OCR would have no greater rights of judicial review from a federal agency decision than any business entity. This equality of judicial review rights would extend both to instances where OCR was a party or participant in a proceeding and where it was not.
  - \*\* OCR would have no greater rights than any business entity to use a host agency subpoena or other discovery powers during a proceeding.
- \* OCR would be authorized to represent the interests of small business as consumers of regulated goods and services.
- \* OCR would have no authority to set up product testing laboratories.
- \* OCR would have no authority to set up regional offices.
- \* OCR would be required to report to Congress on any rules or orders of a federal agency found to be in conflict with or duplicative of those of another agency.
- \* OCR would be required to report to Congress on the impact of intervention (including delays) on the effectiveness and efficiency of the regulatory process.

dinner table

Cabinet Meeting 10/17/77

THE WHITE HOUSE  
WASHINGTON

- > Ham - Ev & Morale
- > Brief mty today → energy
- > Energy legis - cabinet help
- > Inventory Senate contacts
- > Strauss coord Cabinet = Jack
- > Report weekly = 2 specific speeches
- > Media/speaking plan
- > Ham overall
- 
- > HUD computers 9 → ? 60%
- > Justice - adjudication backlog
- > Soc Sec reform - inc. benefits
- Non prolif bill
- 
- CIA leaks re Torrijos
- 
- > Cabinet take lead on programs
- > Trip
- 
- > JFCS - 10/19 → 10/21
- > Cabinet attendees
- > OCS

THE WHITE HOUSE  
WASHINGTON

SSN port visits - It ok to?  
N<sub>2</sub> bomb. need propaganda  
Yugo. tough, ind. Good US relat.  
Italy needs US visits  
Nat gas - hostage  
Tax - in trouble  
Xmas tree - consum. labor  
Condominium rights  
Longshoremen loading grain  
54 wheat purchase  
Tax reform  
IFI moving  
Wittveen progress?  
\$ exchange mkt nervous  
no intervening Jap/Swiss  
→ Oil price - concerted effort  
1% = \$400 m US imports  
Longshore - no injunction  
UN - 10/31 - 11/1

THE WHITE HOUSE  
WASHINGTON

3619 vs Fr, FRG, UK  
Panama - Joint statement  
M. & E  
SALT  
Rhodesia  
Inflation pressures

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11:45 AM

~~THE~~ PRESENTATION HAS BEEN.


THE WHITE HOUSE  
WASHINGTON

October 17, 1977

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for Preservation Purposes**

ANNOUNCEMENT OF THE PANAMA CANAL CITIZENS COMMITTEE

Monday, October 17, 1977  
11:45 a.m. (15 minutes)  
The Cabinet Room

From: Landon Butler 

I. PURPOSE

To announce the existence of a blue ribbon citizens committee to support ratification of the Panama Canal treaties.

II. BACKGROUND, PARTICIPANTS & PRESS PLAN

- A. Background: Many of the prominent citizens who met with you on the morning of the treaty-signing left the White House convinced that the Panama treaties should be ratified and that they could play a vital role in the ratification effort. These people have organized a national Committee of Americans for the Canal Treaties, with a projected budget of \$1-1½ million to support a series of advertisements in newspapers across the country, a professional direct mail campaign, and the organization of state citizens committees. The Committee has requested this opportunity to set before you their plans for building support for the treaties. Governor Averell Harriman and Senator Hugh Scott have been designated spokesmen for the Committee and will open the meeting with individual statements.
- B. Participants: A complete list is attached. Participating in the meeting are 29 of the more than 100 national leaders who have agreed to serve as members of the Committee. Committee members not participating in this meeting include former President Ford, Dean Rusk, General Maxwell Taylor, Admiral Elmo Zumwalt, Paul Nitze, George Meany, Irving Shapiro, Douglas Dillon, Arthur Krim and others.
- C. Press Plan: A press pool will enter the Cabinet Room

for a photo session at the conclusion of the meeting. Governor Harriman and Senator Scott after the meeting will take questions from the press on the Northwest Grounds of the White House.

### III. TALKING POINTS

- A. In the event that Governor Harriman does not recognize Senator Scott, you should do so. The Committee is genuinely bipartisan, and the Republican members should take part in the meeting.
- B. In thanking the Committee for its support of the treaties, you could discuss the clarifying statement issued by you and General Torrijos.
- C. You could note that substantial grass roots support for the treaties has been generated by a series of White House briefings in which you have invested hours of your time. That support is just waiting to be organized. Phone calls come into the White House from people all over the country who want to work for the treaties but don't know where to begin. The Committee could be the focal point for this support. State committees could be built from the lists of people who have been to the White House. An organizing rally of grass roots supporters -- set in Washington before Congress adjourns -- could help to publicize the local efforts. In the White House, our hands are tied, but the Committee could be an excellent vehicle for organizing the substantial, though undirected support that exists in the country.

COMMITTEE OF AMERICANS FOR THE CANAL TREATIES, INC.

Attendees at Meeting with the President  
October 17, 1977

George Ball  
Investment Banker  
Former Under Secretary of State  
Former U.S. Permanent Representative  
to the United Nations

Barry Bingham, Sr.  
Owner, Louisville Courier-Journal

Ronald H. Brown  
Representing Vernon Jordan  
National Urban League

William T. Coleman, Jr.  
Attorney  
Former Secretary of Transportation

John Sherman Cooper  
Attorney  
Former Ambassador to India  
Former Ambassador to Nepal  
Former United States Senator

Gardner Cowles  
President, Cowles Publications

Angier Biddle Duke  
Former Chief of Protocol  
Former Ambassador to Spain  
Former Ambassador to Denmark

W. Averell Harriman  
Former Ambassador to the Soviet Union  
Former Ambassador to Great Britain  
Former Governor of New York

Pamela C. Harriman

Anna Rosenberg Hoffman  
Former Assistant Secretary of Defense

Jeanne M. Holm  
Major General USAF Retired

S. Lee Kling  
Banker  
Former Finance Chairman  
Democratic National Committee

Monsignor Francis Lally  
Representing Archbishop Bernardin  
United States Catholic Conference

Mary Lasker  
Philanthropist

Henry Cabot Lodge  
Former United States Senator  
Former Ambassador to Vietnam  
Former Ambassador to Germany

John O. Marsh, Jr.  
Attorney  
Former Counsellor to President Ford  
Former United States Representative

John J. McCloy  
Attorney  
Former President, World Bank  
Former Assistant Secretary of War

Peter G. Peterson  
Chairman of the Board, Lehman Brothers  
Former Secretary of Commerce

Rabbi Stanley Rabinowitz  
Adis Israel Congregation  
Washington, D.C.

Matthew Ridgway  
General USA Retired

Robert Roosa  
Partner, Brown Brothers, Harriman

Theodore Roosevelt IV  
Investment Banker

Stephen Schlossberg  
Representing Douglas Fraser  
United Auto Workers

Hugh Scott  
Former United States Senator  
Former Minority Leader, U.S. Senate

Norton Simon  
Norton Simon Industries

Stuart Symington  
Former United States Senator

Arthur Taylor  
Former President, CBS

Thomas J. Watson  
Former Chairman of the Board, IBM

Glenn E. Watts  
President, Communications Workers of America

THE WHITE HOUSE  
WASHINGTON

October 17, 1977

Frank Moore

The attached was returned in  
the President's outbox. It is  
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handling.

Rick Hutcheson

RE: LEGISLATIVE REPORT

THE WHITE HOUSE  
WASHINGTON

*return  
original  
to me*

	FOR STAFFING
	FOR INFORMATION
/	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION
FYI

	MONDALE
	COSTANZA
	EIZENSTAT
	JORDAN
	LIPSHUTZ
/	MOORE
	POWELL
	WATSON
	LANCE
	SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER

Comments due to  
Carp/Huron within  
48 hours; due to  
Staff Secretary  
next day

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	KING

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE PRESIDENT HAS SEEN.

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THE WHITE HOUSE

WASHINGTON

October 15, 1977

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR: THE PRESIDENT

FROM: FRANK MOORE

SUBJECT: WEEKLY LEGISLATIVE REPORT

1. ENERGY

Finance Committee: Attached at the end of this report is a summary of last week's Finance Committee markup.

Conference: Late last week, the House and Senate appointed conferees for the four components of the plan which have passed both Houses (conservation, coal conversion, utility rate reform, and natural gas pricing). The House conferees for all measures are:

Democrats  
Staggers (Co-Chairman)  
Ashley (Co-Chairman)  
Ullman (Co-Chairman)  
Bolling  
Foley  
Dingell  
Rogers  
Eckhardt  
Sharp  
Moffett  
Wilson, Charles (Texas)  
Reuss  
Rostenkowski  
Vanik  
Corman  
Waggonner  
Rangel

Republicans  
Anderson, John (Illinois)  
Brown, Clarence (Ohio)  
Horton  
Wydler  
Brown, Garry (Michigan)  
Steiger  
Collins, James (Texas)  
Archer

The Senate conferees for the individual components are:

CONSERVATION

Democrats

Jackson  
Johnston  
Durkin  
Metcalf  
Haskell  
Bumpers  
Metzenbaum

Republicans

Weicker  
Hansen  
Bartlett  
Domenici



COAL CONVERSION

Democrats

Jackson  
Haskell  
Ford  
Johnston  
Abourezk  
Durkin  
Metzenbaum

Republicans

Bartlett  
Laxalt  
Hansen  
Weicker

UTILITY RATE REFORM

Democrats

Jackson  
Johnston  
Durkin  
Metcalf  
Haskell  
Bumpers  
Metzenbaum

Republicans

Weicker  
Hansen  
Bartlett  
Domenici

NATURAL GAS PRICING

Democrats

Jackson  
Church  
Metcalf  
Johnston  
Abourezk  
Haskell  
Bumpers  
Ford  
Durkin  
Metzenbaum  
Matsunaga

Republicans

Hansen  
Hatfield  
McClure  
Bartlett  
Weicker  
Domenici  
Laxalt

The Conferees will meet informally beginning next week and will consider the issues in the following order: conservation, coal conversion, utility rate reform, and natural gas pricing. Once the Conferees reach an impasse on one of the components, they will move on to the next. In no event, however, will final decisions on any component be reached until all components, including energy taxes, are in conference.

--The natural gas conference will probably take place late in October. There is a 9-9 split among the Senate conferees, half favoring deregulation and half against. We must hold Senator Haskell and win over Senator Ford if we are to win outright on any of the gas issues. The Administration must take great care not to undercut the Speaker's position by suggesting natural gas compromises too early in the conference proceeding. We must continue to push for \$1.75 price levels, regulation of intra-state gas and a restrictive definition of new gas in order to maintain the credibility of the House position. This should lead to a compromise that more nearly resembles our original position.

## 2. FOREIGN POLICY ISSUES

Panama Canal Treaties: Early Hill reaction to the statement of clarification has been generally favorable. We telephoned key Senators about the decision to issue the statement without the few changes suggested by Committee members. None were badly upset. However, the words "territorial integrity" will be the focus of some attention in the weeks to come. We gained a few points with the Committee by seriously considering suggested revisions, even though the suggestions were not possible to implement.

--The Senate Foreign Relations Committee concluded its third week of hearings on the Panama Canal Treaties Friday with favorable testimony from former Secretaries of State Dean Rusk and Henry A. Kissinger, followed by anti-Treaty witnesses representing veterans' groups. Secretary Vance, accompanied by Ambassadors Bunker and Linowitz, will appear before the HIRC next Thursday, concluding Administration testimony before that Committee.

--Allegations that the Torrijos family is involved in drug trafficking were raised by Senator Dole on October 13 and amplified by CBS on October 14. It is too early to assess the effects on the Hill of these stories, but we can expect this issue to stay alive for some time.

SALT: Secretary Vance testified Friday morning before the Jackson Arms Control Subcommittee (Armed Services) on recent developments in negotiations on SALT II. The leadership and other Senators attended a stormy session which lasted over three and one-half hours.

--Jackson began the session by strongly admonishing the Administration for its failure to consult since the last round with the Soviets in May. He charged that major changes had been made in the U.S. negotiating position in the interim and said that he was "deeply disappointed and apprehensive" over the course we had adopted. Jackson said that the framework agreement he has seen contains "only the most marginal constraints on the Soviets," and that, in his view, the agreement was "inequitable and unfair."

--Jackson and Sam Nunn bore in on the change in our negotiating position on Soviet heavy missiles, charging that we had gained a reduction of only two percent in Soviet throw-weight capability. Several Senators hit hard on the limitations placed on ground-launched cruise missiles and charged that the 2500 kilometer limit on air-launched cruise missiles was not adequate to provide the needed penetration capability. Nunn and Jackson asserted that our own land-based missiles were endangered by the agreement since the Soviets had not agreed to cease modernization of other than MIRVed missiles. Nunn charged that the biggest advantage the Soviets would gain would be in stopping our development of a conventional GLCM for use in Europe.

--Senator Cranston ended the meeting by observing that the Administration was in "deep trouble over SALT."

--At the behest of Jackson, Howard Baker, Bob Byrd, and others, the Secretary agreed that SALT briefings for the Senate would be "regularized." He will meet again with the Jackson Subcommittee late next week and will brief Senators every two weeks thereafter.

--In a private conversation with Dan Tate and Bob Thomson, Senator Hart said that he and other pro-SALT Senators were dismayed that the Administration had not launched a major public relations effort supporting a new agreement.

Foreign Assistance Appropriations bill/International Financial Institutions:

Last week the House recommitteed the Foreign Assistance Appropriations bill to Conference by a vote of 273 to 126. House and Senate conferees then agreed to the following compromises: 1) the prohibition on indirect aid was dropped for all countries and commodities in response to your letter to Chairman Long; 2) the military aid ceiling for the Philippines was split halfway between the Administration request and lower House figures; and 3) the conferees retained the prohibition on bilateral military aid to named human rights violators--Ethiopia, Uruguay, Argentina, Brazil, El Salvador, and Guatemala. A vote on the conference report is planned for Tuesday, October 18.

--AID advises that during the conference a number of Republican conferees suggested that the agreement to direct U.S. representatives to the IFIs to vote against loans for citrus, palm oil and sugar production could lead to additional restraints in next year's bill.

--Treasury advises that Tuesday's vote may be extremely close since several Members have indicated that they would have difficulty voting for a bill which opponents might argue will provide assistance to marxists or oppressive governments.

--Treasury, AID, State and White House Congressional Liaison are coordinating the legislative effort, including calls to 230 doubtful Members and visits with leaders of various blocks. The House leadership (the Speaker, Wright, and Brademas), in a rare move, have sent a "Dear Colleague" to all Democrats supporting the conference report. Harkin, Tsongas and other "Young Turks" will do the same although they may be critical of Doc Long's handling of the bill. Treasury will develop compromise language for a fall-back position should the conference report fail. Our options will be limited should we lose, and the "vote against and oppose" language might be added to the bill.

Arms Sales: The Senate Foreign Relations Committee Tuesday considered a resolution requesting a one-year moratorium on the sale of sophisticated fighter aircraft and AWACS to Iran. Senator Stone amended the resolution to include the entire Persian Gulf area. Senators Percy and Glenn pointed out the need for State Department studies on the questions and requested comment on the proposed resolution. The Committee agreed and the resolution was put aside until next Tuesday. State is currently preparing a comment on the resolution.

--State advises that there are strong feelings within the Committee that the Administration has failed to rein in arms sales to the Persian Gulf. The Committee will look closely at an F-16 sale to Iran and there are expressions of concern about the possibility of a sale of F-15s to Saudi Arabia. The Committee will want justifications demonstrating that these countries can absorb sophisticated aircraft and that they will be used for legitimate defensive purposes.

Middle East: Secretary Vance briefed the Senate Foreign Relations Committee Thursday on the current status of the SALT talks and on efforts to achieve a Middle East peace. The Secretary was candid in his description of these two sensitive negotiations and his presentation was well received by Committee members.

--On the Middle East, he described fully the negotiating context in which the statement was released and defended it as a means of co-opting the Soviet Union in advance of the Geneva talks. He read the "working paper" agreed to by the United States and Israel and indicated that you would be sending it to each Arab nation. He emphasized that our negotiations to date have not been merely procedural but that we have gone into the "actual detail" of peace treaties which may emerge.

Nuclear Non-Proliferation Bill (S. 897): Senate consideration of this legislation before Congress adjourns is now in doubt. Senators McClure, Hansen and Domenici have a hold on the bill until Monday. At that time McClure has told Glenn (the floor manager of the bill) that he will have a better reading on the amendments he plans to offer. Glenn, Percy and Ribicoff have been trying to work out a time agreement on S. 897, but cannot proceed further until McClure makes his intentions known. Byrd will not bring up any potentially controversial legislation without a time agreement.

--Glenn has requested a letter from Secretary Vance urging consideration of the bill. Nevertheless, Byrd will not press for action on the bill unless he knows you personally want it this year.

### 3. DEFENSE PROGRAM

--Last Wednesday the House passed the Defense Supplemental Authorization bill after adopting (by division votes) an amendment by Jim Lloyd (D-Calif) to strike \$20 million for studies on the FB-111H and an amendment by Reps. Downey and Carr to add \$5 million to initiate studies relating to the development of wide-bodied cruise missile carriers. The B-1 bomber was the major item of debate, and both proponents and opponents joined to defeat the FB-111H which was described as the "B-2". The authorization conferees are expected to delay their conference until after the House floor vote on the Supplemental Appropriations, scheduled for next Wednesday.

--We are in trouble on the amendment to add back FY 1978 funds to the Appropriations bill for the B-1 bomber. Tight minority party discipline for the amendment is anticipated. Bill Burlison (D-Mo), a member of the Defense Appropriations Subcommittee, appears to be a key swing Member (he has a mixed voting record on the issue and expressed his uncertainty during the Supplemental Authorization debate). You may want to consider giving him a call. DOD is developing a list of about 40 swing Members in preparation for calls from the Vice President, Secretary Brown, Assistant Secretary Duncan, White House Congressional Liaison and OMB. This list should be available by Monday afternoon.

--The House vote on FY 1978 B-1 funds will impact on the FY 1977 rescissions efforts in the Senate (by way of an amendment to the Appropriations bill). OMB released the withheld 1977 funds for the B-1 on October 5 and will be releasing funds for the Minuteman III on October 16. OMB advises that it is still appropriate for the Congress to rescind these funds given that DOD is not expected to utilize most of them immediately because of routine administrative delays.

### 4. CLINCH RIVER BREEDER REACTOR

--The House version of the Supplemental Appropriations bill now contains funding for the CRBR subject to enactment of authorizing legislation. Reps. Teague and McCormack will try to strike the language, "subject to authorization", so that funds will become available directly from the appropriations bill. It looks like they have the votes to win.

*What can  
we do?*



## 5. SOCIAL SECURITY FINANCING

--The Ways & Means Committee filed its report on the bill last week. The bill was then referred to the Post Office and Civil Service Committee. This Committee will propose deleting the section requiring coverage of Federal employees in 1982 and require instead that a feasibility study be conducted jointly by the Secretaries of HEW and Treasury, the Director of OMB, and the Chairman of the Civil Service Commission. The purpose of the study would be to examine methods for bringing Federal employees into the social security system.

--Floor action is scheduled for Wednesday and Thursday, subject to a modified rule being granted on Tuesday. We are working with the House leadership on the two most important issues which are: 1) to retain the authority to borrow from general revenues when the balance in the Trust Fund goes below 25%; and 2) an amendment by Rep. Fisher (D-Va) to remove universal coverage from the Committee bill (the adoption of this amendment is essential to passage of the bill). ← Why?

## 6. HOSPITAL COST CONTAINMENT

--Last week Secretary Califano testified before the Senate Finance Health Subcommittee (Talmadge) on the Administration's bill and a revised Talmadge bill to control hospital costs. He read your letter emphasizing the Administration's commitment to the legislation and expressed HEW's willingness to work with the Committee and accept certain provisions of the Talmadge proposal. There is no possibility of our bill passing the Senate this year or next if a compromise is not reached.

--The Rostenkowski Ways and Means Subcommittee held one day of markup on hospital cost containment last week and may continue next week.

## 7. MINIMUM WAGE

--The Conferees reached final agreement Friday on the minimum wage bill. The major issues were resolved as follows:

- A. Wage Rate. \$2.65 in 1978; \$2.90 in 1979; \$3.10 in 1980; and \$3.35 in 1981.
- B. Tip Credit. The tip credit will remain at 50% in 1978 and be phased down to 45% in 1979 and 40% in 1980 and each year thereafter.
- C. Small Business Exemption. The Conferees agreed to increase the small business exemption to \$275,000 gross volume on July 1, 1978; \$325,000 on July 1, 1980; and \$362,500 on December 31, 1981.

--Other additional, minor, coverage questions were resolved. It is expected that the Senate will take up the Conference report on Monday and final action should occur in the House next Thursday.

--DOL advises that this represents the finest Minimum Wage Bill ever agreed upon by the Congress, and the Administration has received substantial credit for this effort. The success also indicates that organized labor can still flex

some muscle on the Hill if it mobilizes its forces and conducts a thorough lobbying effort. We hope they will launch a similar effort for Hatch Act reform and other issues.

#### 8. CONSUMER AGENCY

-- Compromise language has been developed and a new bill will be introduced -- "The Consumer Representation and Reorganization Act of 1977." The changes should result in the acquisition of additional support in the House, from both sides of the aisle.

-- The Speaker met Thursday with a group of freshmen and sophomore Democrats to further indicate his interest in the legislation.

-- We have two vote counts underway (one by Commerce and one by Hill staff). As soon as the results are in we will compare them to identify trouble spots. If the final count shows a majority in favor, we will be in position to seek a rule and move for floor action. Esther Peterson has preliminary figures which indicate a slight (2 vote) majority, but we want to be absolutely certain before we proceed.

#### 9. ETHICS

-- Bills providing government-wide financial disclosure and an Office of Government Ethics have been reported by several House committees, although the fate of the package is not yet certain. The question is whether the Speaker wants to take it up this year. The implications of the negative vote on the Obey Commission recommendations are not yet known, but it may be evidence of an "ethics backlash". Our people working on this remain, nevertheless, quietly optimistic.

#### 10. LOCKS AND DAM 26/WATERWAY USER FEES

-- By a vote of 331-70, the House passed H.R. 8309 containing a 6¢ waterway user fee and authorization for new locks and dam 26. The bill now comes back to the Senate where we face a problem. Senator Long, on whom we are relying for energy legislation, is the leading opponent of a user charge more substantial than that now in the House bill. The 6¢ fee would recover about 10% of waterway operation and maintenance costs -- a totally inadequate figure when compared to our original position calling for a 50% recovery level of operation, maintenance and capital costs.

-- Senator Domenici will attempt to get the House bill placed on the Senate calendar without referral to the Finance Committee. We expect Senator Long to move for referral to his committee. We have already informed Domenici that we will remain neutral on the Long motion since it involves internal Senate rights and privileges.

-- However, Senator Domenici, the railroads and DOT are requesting a strong Presidential letter indicating the House bill is unacceptable. We are studying the matter closely and will have a recommendation for you early in the week.

#### 11. CARGO PREFERENCE

-- The bill is scheduled for floor action in the House on Tuesday. It is felt by both sides on the issue that the vote is very close. Commerce advises that Rep.

McCloskey has a number of commitments from Democrats to vote against the rule, and against the bill if the rule is adopted. AFL-CIO is making a token but visible effort for the bill and it appears that we will have to do the same to avoid being accused of not following through.

## 12. OUTER CONTINENTAL SHELF

--As a direct result of your intervention, the House Rules Committee has agreed to take up the bill. We anticipate floor consideration beginning the week of October 24. Interior will brief House staff on the Administration's position next week.

## 13. FEDERAL INSECTICIDE, FUNGICIDE, AND RODENTICIDE ACT (FIFRA)

--The bill is scheduled for House action next Thursday. EPA reports that Rep. John Moss will lead other members of the Commerce Committee in an effort to persuade the House to overturn the Agriculture Committee amendments to the bill. Targets of the Moss floor amendments will be the conditional registration authority (requested by EPA) and broadened authority for States to register pesticides (adopted by the Agriculture Committee over EPA's opposition). EPA does not expect these amendments to be adopted and their defeat on the floor may stiffen the resolve of the House conferees to defend the provisions in conference. A favorable conference is expected, since the Senate bill is excellent and the probable Senate conferees are strong and knowledgeable on the issues.

--Agriculture Committee members will attempt to use the Commerce Committee's jurisdictional claim on FIFRA to argue against the one-House congressional veto amendment expected to be offered by Dawson Mathis. They will point out that Commerce may seek to block regulations implementing conditional registration via a disapproval resolution.

## 14. BLACK LUNG BENEFITS

--The Conference Committee has settled all substantive issues except the management and method of financing the trust fund. Despite earlier apprehensions, DOL is generally pleased with the tentative final conference action on important matters such as medical standards, x-ray integrity, survivor entitlements, claims adjudication, and review of previously denied claims. The Conference Committee will meet next week to decide the trust fund issues.

*Seems like the most important issue*

## 15. MISCELLANEOUS

--Rep. John Dingell urges that we hold firm on the House position on the energy bill. If deals are made, he emphasizes that House Members must participate.

--HUD announced an internal reorganization this week--the Hill is very upset at being "notified" and not consulted. All future reorganization efforts will suffer from a few bad performances such as this.

--On Thursday, Secretary Bergland released a Justice Department opinion granting payment authority for sugar marketed before the September 15 effective date of the price support payment program. Primary beneficiary of this action is Hawaii where marketing began as early as January. The Hawaii Congressional delegation is delighted.

--Your impending decision on the bowhead whale will bring a considerable reaction from the Hill regardless of which way you go. Senator Hollings is very intent on trying to make the decision come out in favor of the Eskimos because he believes the U.S. did not present its case properly and the statistics used by the International Whaling Commission were unsound.

--Next Tuesday hearings begin on the Public Diplomacy reorganization plan before Jack Brook's Government Operations subcommittee.

#### FLOOR ACTIVITIES FOR THE WEEK OF OCTOBER 17

##### House

Monday -- 7 suspensions:

- 1) H.R. 8518, Delay in FDA Ban on Saccharin. According to OMB, the Administration does not favor enactment of the bill which would postpone for 18 months any action by HEW to restrict the use of saccharin, pending a study of its carcinogenic effects by the National Academy of Science Institute of Medicine. OMB advises that it undercuts the statutory authority of FDA to make regulatory decisions and to fully meet its responsibility to protect the public against unsafe foods.
- 2) H.R. 9418, Health Professions Education Amendments. According to OMB, the Administration supports enactment of the bill which 1) includes the Administration's technical amendments to the health professions loan program and 2) requires medical schools to increase the size of their third year classes as a condition of receiving capitation grants.
- 3) H.R. 5643, Cultural Property Implementation Act. According to OMB, the Administration favors enactment of this bill which would prohibit and prevent the illicit import, export, and transfer of ownership of cultural property.
- 4) H.R. 5858, Tariff Schedule Amendments for Canadian Petroleum. According to OMB, the Administration supports enactment of the bill which permits free entry of Canadian petroleum and crude oil.
- 5) H.R. 8149, Customs Procedural Reform Act. According to OMB, the Administration has no objection to the bill, which would make various reforms in customs procedures.
- 6) H.R. 8422, Rural Health Clinic Services Amendments to Social Security Act. According to OMB, the Administration supports enactment of the bill which provides for Medicaid reimbursement for services provided in rural health clinics in medically underserved areas.
- 7) H.R. 2849, Rubber Latex Mattress Tariff Suspension. According to OMB, the Administration has no objection to the bill. The first section of the bill temporarily permits duty-free entry of mattress blanks of rubber latex. The second section provides for duty-free treatment from any country of bobsleds and luges used in international competition. The third section would provide relief to three



newspaper corporations which would otherwise be disqualified from dealing with a private foundation because of contributions in excess of the allowable maximum which they made in 1969.

- H.R. 9090, Exempt Disaster Payments on Certain Crops. The bill is consistent with provisions of the recently enacted farm bill. It exempts disaster payments received by farmers from the payment limitation applicable to the 1977 crop of wheat, feedgrains, upland cotton, and rice.

Tuesday -- 6 suspensions:

- 1) S. 393, Montana Wilderness Act. According to OMB, the bill designates nine national forest areas in Montana totaling approximately 974,000 acres to be studied for inclusion in the National Wilderness Preservation System. In Committee hearings, the Administration supported immediate designation of four areas totaling 174,000 acres and study of five areas totaling 463,550 acres.
- 2) H.R. 4140, Extend Fishermen's Protective Act. According to OMB, while the Administration does not oppose the bill, which would extend until October 1, 1980, this Act which provides reimbursement to commercial fishermen seized by foreign countries, it would prefer an extension only until October 1, 1979.
- 3) H.R. 6405, Endangered Species Act Amendments. According to OMB, the Administration has no objection to the bill which would extend the authorization period through FY 1981, and amend the Act to facilitate the development of cooperative endangered species programs with states.
- 4) H.R. 9512, Pacific Island Trust Territories. Under current law the Trust Territory is eligible for assistance under Title IV (Student Assistance) and Title VII (Construction of Academic Facilities) of the Higher Education Act. The bill would extend eligibility of the Trust Territory to all Titles of the Act. According to OMB, the Administration opposes this bill for the following reasons: 1) A comprehensive report on the education system in the Trust Territory, recently transmitted to the Congress by the President, made a number of recommendations on steps necessary to reconstitute and redirect the educational system within the Trust Territory. Extending additional educational programs to the Trust Territory at this time would not be consistent with several of the recommendations contained in that report. 2) There are no data available on the need for, or the potential impact of, extension of these programs to the Trust Territory. 3) Although the U.S. Government now provides approximately \$52 million annually to the Trust Territory for general government operations (which includes funding for the primary, secondary, and higher educational systems in the Trust Territory), annual U.S. subsidies could very well be reduced when the U.S. trusteeship terminates. The present projected termination date is 1981. Extension of new Federal programs to the Trust Territory could create a situation where the Trust Territory would not be able to continue these programs after trusteeship termination.

However, this bill is viewed by members of the Education and Labor Committee as a minor technical amendment correcting an oversight in the definition of state. We recommend that the Administration take no position on this bill.

- 5) S. 2089, Associate Attorney General. According to OMB, the Administration favors this bill which would establish within the Department of Justice the position of Associate Attorney General at Executive Level III.
- 6) H.R. 7769, Indochinese Refugees. According to OMB, the Administration supports enactment of the bill which would provide special authority for the Attorney General to adjust the immigration status of refugees from Cambodia, Vietnam, and Laos to that of permanent resident aliens.

-- Foreign Assistance Appropriations Conference Report.

-- H.R. 1037, Cargo Preference.

Wednesday -- H.R. 9375, Supplemental Appropriations.

-- H.R. 9346, Social Security Financing (rule and general debate only).

Thursday & -- Minimum Wage Conference Report.

Friday -- H.R. 9346, Social Security Financing (votes on amendments and bill).

-- H.R. 7073, Federal Insecticide, Fungicide and Rodenticide Act (FIFRA).

-- H.R. 2329, Fish and Wildlife Improvement Act. The bill clarifies the authority of the Fish and Wildlife Service and the National Oceanic and Atmospheric Administration to enforce laws, and provides additional authority for ecological research, law enforcement training, acquisition of less than full interests in land, and use of volunteers. According to OMB, the Administration supports enactment of the bill.

Senate -- The Senate will meet at noon Monday to consider a minor tariff bill with important child welfare amendments that were attached in the Finance Committee. The Age Discrimination bill and GI Bill amendments may also be considered on the floor during the week, but major activity will center on preparation for the energy conference.

SUMMARY OF DELIBERATIONS OF  
SENATE FINANCE COMMITTEE ON TITLE II OF H.R. 8444  
THE NATIONAL ENERGY TAX ACT OF 1977

OCTOBER 11-14, 1977

The Senate Finance Committee wrapped-up its markup of the energy tax measures this week. The Committee made a basic decision early in the week that it wanted to achieve the energy goals of the Plan, not through new taxation, but rather through tax credits and tax moratoria.

The Committee approved numerous tax credits in the course of the week, but the main elements of their alternative approach are as follows:

- \*\*the Committee agreed to create a new 40% refundable investment tax credit (ITC) for business and industry for alternative energy property, primarily directed at coal conversion equipment but also covering solar or wind equipment. This 40% would make the total possible ITC 50%. The Committee estimated that this would save 1 million barrels of oil a day by 1985. This 50% credit is viewed by the Committee as a reverse version of the Administration's Industrial Oil and Gas Users' Tax.
- \*\*the Committee agreed that non-profit institutions, as covered in Section 501 (c) (3) of the Internal Revenue Code would be eligible for the new ITCs for alternative energy property and for eligible special property;
- \*\*the Committee created a 20% tax credit for businesses to purchase vehicles which would hold 9 or more passengers and which would be used for commuting purposes. Employees who are provided this service would not be liable to taxation on it--it could not be considered as income. In short, vanpooling.
- \*\*the Committee approved an additional 40% investment tax credit (ITC) for equipment for conversion of an alternative substance into a synthetic gaseous, liquid or solid fuel;
- \*\*the Committee agreed to allow a 50% ITC for bioconversion equipment and to provide tax exempt industrial development bonds for the construction and acquisition of facilities and equipment for conversion of municipal and agricultural wastes, as well as other organic matter, either directly into energy or into synthetic fuels;
- \*\*for coal gasification and liquefaction the Committee agreed: to allow a 50% ITC for such equipment, and related coal handling and scrubber equipment, and plans and designs thereof; to tax exempt industrial development bonds for the same; and to authorize an energy development trust fund, if one should be created, to give loans and price guarantees;
- \*\*the Committee agreed that peat would be given a 10% depletion allowance;
- \*\*the Committee also agreed to give a 50% per MCF credit for production of geopressurized methane gas; to allow a current deduc-

tion for geological and geophysical, and intangible drilling costs; suspension of the minimum tax to excess intangible drilling costs; and a 20% credit for production equipment;

\*\*the Committee agreed to a 50¢ per MCF credit for production of natural gas from tight rock formations;

\*\*the Committee agreed to allow the same 22% phasing-down depletion allowance for steam, liquid and hot rock geothermal production as is allowed under law for oil and gas; suspension of minimum tax on intangible drilling costs; and there is no limitation as regards independents vs. majors;

\*\*the Committee agreed, by a vote of 10-1, to include language which would permit the broadest possible consideration of issues in the Conference, in the event the Conference wished to decide favorably on the crude oil tax, or some form thereof. This "umbrella clause" would allow consideration of alternatives which would not have already been covered in the House legislation for disposition of energy tax revenues;

\*\*in this regard, the Committee voted 4-7 to not permit potential use of tax funds for the social security system; the Committee voted 10-3 that an Energy Trust Fund could be considered, and that it would be for energy development and/or energy conservation (which could include mass transit possibilities); the Committee voted 9-5 that the Trust Fund, if created, would be a corporation, much akin to the R.F.C.; conversely, the Committee also voted 5-9 that it would not be acceptable that such a Fund would simply come under the Department of Energy;

\*\*the Committee agreed to expand language relating to industrial investments eligible for the new investment tax credit for energy efficient investments to include the word "utilities" so that utility repowering would be included as an eligible option.

The Committee concluded its markup with an analysis of its work which projected that the Finance Committee's version of the legislation would result in an energy savings of some 2.236 million barrels of oil a day by 1985; the total revenue loss would be approximately \$31.2 billion between 1977 and 1985. Committee Members attempted to justify their decisions by showing that without the tax credits, we would use an additional 2.236 MBD which, at \$14 a domestic barrel, would cost \$31.3 million a day (\$11.4 billion a year) and even more at higher OPEC prices. Committee Members accordingly argued that the potential treasury revenue losses from the tax credits would be more than worthwhile in context with the reductions in oil imports, and hence, substantial reductions in the U.S. foreign trade deficit.

The Committee voted 11-6 to "approve" the bill, but will have to meet again to formally vote to report the bill. It is estimated that it will take about a week for Committee staff to write a final report and legislative language. When that is done, the Committee will vote to report. The bill will go to the full Senate probably during the week of October 24.

THE WHITE HOUSE  
WASHINGTON

October 17, 1977

Hamilton Jordan

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

Rick Hutcheson

RE: STATUS OF PRESIDENTIAL  
APPOINTMENTS - 10/14/77

THE WHITE HOUSE  
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
/	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION
FYI

	MONDALE
	COSTANZA
	EIZENSTAT
/	JORDAN
	LIPSHUTZ
	MOORE
	POWELL
	WATSON
	LANCE
	SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	KING

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE PRESIDENT HAS SEEN.

*Ham*

STATUS OF PRESIDENTIAL APPOINTMENTS

October 14, 1977

Status of  
Prior Report  
10/7/77

U.S. CIRCUIT COURTS

Appointed.....	5	2
Vacancies.....	6	9
Nominations at Senate.....	2	5
Nominations at White House.....	0	0
Final Process at Justice.....	0	0
In Process at Justice.....	3	3

U.S. DISTRICT COURTS

Appointed.....	16	10
Vacancies.....	24	25
Nominations at Senate.....	1	7
Nominations at White House.....	1	1
Final Process at Justice.....	0	0
In Process at Justice.....	8	9

U.S. COURT OF CLAIMS

Vacancies.....	2	2
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U.S. ATTORNEYS (94 positions)

Appointed.....	50	41
Nominations at Senate.....	8	14
Nominations at White House.....	2	4
Final Process at Justice.....	1	4
In Process at Justice.....	11	6

U.S. MARSHALS (94 positions)

Appointed.....	44	36
Nominations at Senate.....	12	16
Nominations at White House.....	0	5
Final Process at Justice.....	1	1
In Process at Justice.....	18	13

THE WHITE HOUSE  
WASHINGTON

October 17, 1977

Frank Moore

The attached was returned in  
the President's outbox. It is  
forwarded to you for your  
information.

Rick Hutcheson

CALLS FROM CONG. ROGERS AND SEN.  
DOMENICI



THE WHITE HOUSE  
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
/	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
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	POSTON
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	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE PRESIDENT HAS SEEN.  
THE WHITE HOUSE  
WASHINGTON

OCTOBER 14, 1977  
FRIDAY - 1:40 P.M.

MR. PRESIDENT

CONGRESSMAN PAUL ROGERS

CALLED -- HE'S BACK IN HIS  
OFFICE NOW.

T.K.

*Bill out of  
Sub Committee -*

Electrostatic Copy Made  
for Preservation Purposes

THE PRESIDENT HAS SEEN,  
THE WHITE HOUSE  
WASHINGTON

THURSDAY-OCTOBER 13, 1977  
10:30 A.M.

MR. PRESIDENT

SENATOR DOMENICI WOULD

LIKE TO TALK TO YOU ON THE

PHONE SOME TIME TODAY.

T.K.

*Can't support "Right  
to defend" as is -  
Don't equate Senators  
b.g. oil*

THE WHITE HOUSE  
WASHINGTON

October 17, 1977

Stu Eizenstat

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

Rick Hutcheson

cc: Frank Moore

RE: DOMESTIC POLICY STAFF WEEKLY  
STATUS REPORT

THE WHITE HOUSE  
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
X	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
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ACTION	FYI	
		MONDALE
		COSTANZA
X		EIZENSTAT
		JORDAN
		LIPSHUTZ
	X	MOORE - p. 5
		POWELL
		WATSON
		LANCE
		SCHULTZE

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	STRAUSS
	VOORDE
	WARREN

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

C  
/

October 14, 1977

MEMORANDUM FOR: THE PRESIDENT  
FROM: STU EIZENSTAT *Stu*  
SUBJECT: Domestic Policy Staff Weekly  
Status Report

HUMAN RESOURCES

Social Security: The Finance Committee is still deadlocked on social security between a plan by Senator Nelson which relies on wage base increases and one by Senator Curtis which relies on tax rate increases. They are not expected to meet again on this until next week. The Ways and Means Committee has reported a bill which has a mixture of wage base and tax rate increases, as well as numerous changes in the benefit structure, and mandatory inclusion of federal and state and local employees. We are working with HEW and outside groups on a strategy for the House floor.

Indochinese Refugees: The Senate Human Resources Committee has reported a bill which incorporates the Administration proposal to extend the Indochinese Refugee Assistance Program and a provision to permit these refugees to obtain permanent resident status in the U.S. The extension of the assistance program is a priority item since its authorization expired September 30.

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## HOUSING AND URBAN DEVELOPMENT

Urban Policy: We are continuing to meet intensively with the URPB assistant secretaries group and with a series of outside constituencies on urban policy. We are working with OMB on a special process to handle urban initiatives within the budget framework.

SEC: We have received a draft of Senator Williams' legislation creating uniform standards on municipal bond disclosure. Per your instructions, we will provide an analysis and recommendations by October 21.

Phase-Out of FY '78 Economic Stimulus Package: We are working with Treasury to prepare an analysis of the fiscal problems of cities, and of the impact of the phase-out of the stimulus package; due in mid-October.

## ECONOMICS AND BUSINESS

Tax Reform: When you have made your decisions, we will begin working on the delivery of the package to Congress and the public.

Steel Industry: We will be working with an interagency task force chaired by Tony Solomon to develop overall Administration strategy toward the domestic and international problems of the U.S. steel industry.

## EMPLOYMENT

Black Youth Employment: Analysis will be in to you next week. Reaching agreement on options with agencies is taking somewhat more time than anticipated.

Humphrey-Hawkins: Charlie Schultze, Ray Marshall, and I held a final meeting today with Representative Hawkins and Senator Humphrey's staff. It now seems clear that you will have the option either of reaching agreement on an entire bill or endorsing the bill with a request to Congress for additional flexibility in reaching the full employment bill.

AGRICULTURE AND RURAL DEVELOPMENT

Sugar: The Justice Department has approved use of a direct payment program for the 1977 crop retroactive to sugar marketed (after May 4, 1977) (date original program was announced). *ok*

US/USSR Grain Agreement: At the US/USSR meeting last week, the U.S. agreed to raise the upper limit from 8 mmt to 15 mmt for the marketing year ending October 1, 1978. Once exports hit that level, consultations are required.

Crop Insurance Proposal: Secretary Bergland is conferring informally with members of the House Agriculture Committee and further staff work is underway.

World Hunger Study: We are working with Peter Bourne's shop in the collection and interpretation of information to be used in preparing a decision memo that is to come to you on or about November 11.

160-Acre Limitation Issue: We are working with USDA and DOI in analysis of the situation and preparation of recommendations.

Nutrition Research: Working with OSTP in preparation of a report recommending future level and organization of Federal effort on this topic.

HEALTH

National Health Insurance: HEW's briefing on NHI has been tentatively scheduled for November 1. HEW will provide a background paper on October 20.

Black Lung: Different black lung bills have passed the House and Senate. We have obtained commitments from Congressman Perkins to support those sections from the Senate bill which provide that benefits will come from an industry-supported trust fund rather than from general revenues. We are working with OMB and the Labor Department to get the conference to modify these sections of the House and Senate bills which are unreasonably costly. *Give me option paper - on bill*

Hospital Cost Containment: Rogers' subcommittee should complete mark-up on this bill this week; Ways and Means subcommittee has resumed its mark-up. Senator Talmadge held hearings beginning October 12 and introduced a revised version of his bill.

### CIVIL RIGHTS AND JUSTICE

Undocumented Aliens: Legislation has been sent to Congress and hearings will be scheduled soon.

Morris Dees Memo on Death Penalty: We have met with the Justice Department, and will submit a memorandum to you by October 21.

Interdepartmental Crime Committee: The Interdepartmental Committee will be meeting on October 25 to begin work on the anti-crime program.

### CIVIL SERVICE MATTERS

Hatch Act Reform: Hearings have been completed in the Senate. The Interagency task force has met with the Senate staff to offer amendments. Per your recent decision on State employees, we will soon offer a comprehensive definition of employees in "restricted positions".

Executive Service Reorganization Proposal: We continue to follow reorganization team efforts; Alan Campbell is preparing a decision memo. It will be circulated to cabinet members for comment and then to you.

### COMMUNICATIONS

Public Broadcasting: The press reaction to the message has been quite positive. The Congress will not move on the bill until January.

OTP/Commerce Reorganization: The EOP Reorganization Plan becomes law October 18. OTP's missions and personnel will be moved to Commerce and OMB in early November.

Minority Ownership: We are working with the agencies to develop a program to increase minority ownership of broadcast and cable TV facilities.

Telephone Eavesdropping: A decision memo is on the way to you.



REGULATORY REFORM PROJECTS

Regulatory Procedures: The Reorganization Project has re-drafted the proposed guidelines on writing and "sunsetting" regulations to incorporate your comments as well as the comments received from the Cabinet. The draft has been circulated for comment to the agencies, the Hill, and trade and public interest groups.

Coordination of Toxic Substances Regulation: Four major toxic regulatory agency heads convened all regional administrators in a joint conference on October 12 to plan coordination of enforcement and other field functions.

OPENNESS AND INTEGRITY IN GOVERNMENT

Revision of Security Classification System: A draft Executive Order reflecting your decisions has been circulated to the agencies and to groups outside the government. Comments are due today.

Executive Order on Logging: Justice draft is now being re-drafted in light of agency comments. Draft will be to you no later than October 22.

Ethics in Government Legislation: All House Committees have now reported versions of the bill. We are working with Frank's staff and other concerned agencies toward Rules Committee action next week.

ENERGY

DeConcini Letter on Copper Stockpile: Working with CEA and NSC (in charge of stockpile policy) on an analysis of DeConcini's request.

Clinch River Breeder/ERDA Authorization: Senate passed ERDA authorization conference report on October 12 by voice vote. House vote on conference report and on supplemental appropriation was October 13. Veto message and analysis of legislation in preparation.

*Keep me in veto position*

Non-Proliferation Legislation: Analysis will be sent to you on Monday. Senate trying to reach time agreement for consideration of legislation. Letter of support for the legislation in preparation by the State Department.

Phantom Taxes: Memo to you by Monday.

Spent Fuel Policy: Notifications and advance briefings have begun; policy to be announced next week by press release rather than formal press briefing. Questions on foreign spent fuel storage to be handled by State Department.

National Energy Act: Joint memo with Schlesinger was sent to you October 12 on strategy for Conference. Hamilton is preparing overall coordinated plan, with press and congressional pieces from Jody and Frank. Working with DOE and Task Force to draft Presidential statement, cabinet speeches and work out schedule for implementation of the plan.

Energy Impact Assistance: A meeting was held October 13 with relevant agencies to discuss reply to Senate Public Works Committee request for administration views. We are also working on an interagency group study.

#### NATURAL RESOURCES

Bowhead Whales: Agency positions will be forwarded to us soon, in preparation for decision memorandum.

Denver Water Policy Roundtable: Working with Jack Watson's staff and Interior on arrangements and briefing material.

Water Pollution Amendments: The House-Senate Conference Committee has met twice. Proposed letters to Committee leadership encouraging resolution of issues has been sent to you. Senate bill establishes new oil pollution regulations applicable in 200-mile zone adjacent to U.S. coasts. Working with OMB and interested agencies to resolve differences in views. Decisions by you may be necessary next week.

#### MISCELLANEOUS

National Initiative: Senator Abourezk has asked for Administration endorsement of his proposed constitutional amendment to create a national initiative procedure for passage of federal laws. The Vice President's staff and we think his proposal has severe problems. Memo to you shortly.

Congressional Veto Message: We continue to work with Bob Lipshutz and Justice on a message that will be submitted shortly before Congress adjourns.

THE WHITE HOUSE  
WASHINGTON

October 17, 1977

Jim Fallows

The attached is forwarded to you for your information and appropriate handling. When you are finished with the attached article, please return it to me.

Rick Hutcheson

cc: Zbig Brzezinski

RE: ARON ARTICLE ENTITLED "MY  
DEFENSE OF OUR DECADENT  
EUROPE"

THE WHITE HOUSE  
WASHINGTON

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	PETERSON
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	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE PRESIDENT HAS SEEN.

Raymond Aron

# My Defence of Our Decadent Europe

Jbig-  
all good - We  
may use some  
ideas in trip  
speeches  
JC

## 1. From Marx to Solzhenitsyn

AFTER 25 YEARS OF unprecedented economic growth, Western Europe is at present going through a crisis—economic, political, and spiritual. And men of little faith are turning their faces towards a future which they already consider inevitable. During the last electoral campaign in France (1974), I was struck by the difference in the signatures put to the various declarations of public support in favour of François Mitterand and Valéry Giscard d'Estaing respectively: hundreds and hundreds for the former, and for the latter only a few dozen at the most. It seemed as though lawyers, academics, writers, actors supported the leader of the Socialist-Communist opposition by an overwhelming majority, and that the others, perhaps equally large numbers of them, did not dare take the risk of openly declaring themselves in favour of the so-called man of the Right (or the opponent of the Left).

I felt as though I had been taken back 40 years; old recollections surfaced from the depths of my memory. Friends in Berlin (where I was then a graduate student from Paris) were asking me what was the point in opposing National-Socialism, "the wave of the future", which was drawing German youth and millions of despairing people towards their tragic destiny. And today friends are saying, privately—the Socialist-Communist coalition is bound to win one day, if not tomorrow then the day after; that being the case, the sooner it does the better. I hear on all sides the following hypotheses being put forward—either the government of the Socialist-Communist *Programme Commun* will prove capable of ruling the country without breaking off from the West, without stifling basic freedoms, and the Communist party will be reintegrated into the

nation; or, more likely, the Socialist-Communist coalition will fail in the way that the Popular Front did in 1936, and the present majority will return to power, with more freedom for manoeuvre and more capable of change than at present.

It is possible that *l'expérience socialiste* (to use François Mitterand's phrase) will take place in the near future, after an electoral victory in 1978. No one thinks of comparing the leaders of the two big Left-wing parties to Hitler or Stalin. Furthermore, it now seems to me that the distance between Stalin and Brezhnev is considerable. But it is these very differences that increase the danger. What is there to worry about, we are told, when Marxism-Leninism has lost its power of attraction, when the Communist parties of Italy and France are showing us a new face, and declaring their independence? Is not the reunification of Europe now at hand, the reunification of the Continent, divided in two by *les charcutiers* of Yalta?\*

In Italy the "historic compromise", in France the Socialist-Communist coalition in power: what then would remain of the balance between

THE INTELLECTUAL and ideological background to RAYMOND ARON's "Plaidoyer pour l'Europe décadente" (just published by Laffont) is sketched in LEOPOLD LABEDZ's "Letter from Paris", which the reader will find on pp. 63-66 in this issue of ENCOUNTER. (A second and concluding instalment of Professor Aron's text will be published next month.)

\* I am repeating the legend. It is not historically true that the Big Three decided on the division of the world and of Europe at Yalta.



the two Europes, indispensable as it is to the world balance of power? I am not denying that the Communist parties want to distance themselves from the Soviet Union (from Stalin's Russia, definitely, and from Leonid Brezhnev's too), but whether they are sincere or not when they proclaim their national road to socialism, they still belong to the same family as the Bolsheviks of the Soviet Union. They profess essentially the same doctrine as the Soviets, interpreted in the same manner for many years; they have not renounced "democratic centralism"; and their concept of the régime to come is still identical with the Soviet concept, although they maintain that they will avoid its totalitarian implications. Whether the Euro-Communists are concealing their aims or not is less important than the consequences, probable or inevitable, of their methods and their ideas.

In other words, the freedom of Western Europe is today threatened by the combined effects of a militarily powerful Soviet Union, whose troops (in General de Gaulle's phrase of 1949) are still "two days' march from the *Tour de France*", of the electoral progress of the Communist parties in Italy and France, and finally of the Europeans' loss of confidence in themselves.

### *The Decadents & the Dreamers*

SHOULD ONE SAY loss of confidence or simply self-criticism? Should one admire the Europeans' capacity to condemn themselves, to parade social and cultural defects before the eyes of the world, to magnify them to the point of losing all sense of the imperfections inherent in men and institutions?

In matters of productivity, technical innovation, living standards, scientific progress and human freedom, it is the West, the United States and Europe combined, which has taken the lead over the last 30 years. Marxist-Leninist propaganda tries to devalue this achievement by identifying "capitalism" with "imperialism", as though Western prosperity were founded on

\* The following are the territories which the Soviet Union annexed as a result of its victory in the Second World War: *Finnish* provinces (44,158 square km inhabited by 500,000 people in 1938); *Polish* provinces (178,705 square km and 11 million inhabitants); *Rumanian* provinces (Bessarabia 44,288 square km and 3,200,000 inhabitants; Northern Bukovina 10,437 square km and 500,000 inhabitants); the *Baltic* States (Estonia 47,396 square km and 1,122,000 inhabitants; Latvia 65,784 square km and 1,951,000 inhabitants; Lithuania 55,683 square km and 2,957,000 inhabitants); *East Prussia* (11,655 square km and 300,000 inhabitants).

exploitation of the Third World and not on genuine work and productivity. Without denying the part which Empires played in the fortunes of Europe in past centuries, one must recognise that it is from the European-American centre of the world economy that the Third World now seeks aid, and not from the so-called socialist countries; it is the West, and it alone, which possesses the means to reduce, little by little, the gap separating the rich and poor countries. The spokesmen of the Third World take some satisfaction in railing against American or Western imperialism. Yet when a Latin American intellectual is forced out of his country by some military coup, where does he take refuge—in Moscow?

Should one, then, be making a plea in defence of a liberal Europe, our decadent Europe? And indeed which of the two Europes should one really call decadent?

THE THEME OF THE DECLINE of the Roman Empire has obsessed men's minds throughout the centuries. Today historians still debate the cause, or the combination of causes, which precipitated the collapse of a grand and powerful political structure. Suffice it to recall Churchill's phrase "I will not preside over the dismantling of the British Empire", or that of General de Gaulle who wanted to raise *le drapeau tricolore* in every place it had flown before 1939, in order to understand one view of "decolonisation." The fashionable vocabulary—the value judgments, implicit in the intellectual and moral conformism which reigns from one end of the planet to the other—condemns "colonialism" without reservation and exalts the "liberation of peoples." Yet, in the ideological battle, the Europeans can claim much merit for having "given up" their empires. With the exception of the French who fought twice (in Viet Nam and in Algeria) in the vain hope of resisting an irresistible historical movement, the Europeans, and the British in particular, gave up their imperial role with more grace than any other conquerors in history. It was the Soviet Union which took advantage of military victory to enlarge its territory and to impose its institutions and its will on a hundred million Europeans.\*

If historical conflicts were played out clearly before a tribunal of right and morality, the defenders of Western Europe could plead their cause with ease, and indeed would win it. Unfortunately another sort of trial is taking place, concealed by ideology and in terms quite unencumbered by universal conscience.

The Soviet Union kept its empire which, today, stretches from Weimar to Vladivostok; the British and the French lost theirs. Whether they

THE WHITE HOUSE  
WASHINGTON

October 17, 1977

Charles Schultze

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

Rick Hutcheson

RE: AN INFLATION SCORECARD

THE WHITE HOUSE  
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
✓	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION  
FYI

	MONDALE
	COSTANZA
	EIZENSTAT
	JORDAN
	LIPSHUTZ
	MOORE
	POWELL
	WATSON
	LANCE
✓	SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
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	HUTCHESON
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	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN



THE PRESIDENT HAS SEEN.

THE CHAIRMAN OF THE  
COUNCIL OF ECONOMIC ADVISERS  
WASHINGTON

October 14, 1977

*Charlie -  
This concerns  
me. Let me  
know what we  
can do -  
J*

MEMORANDUM FOR THE PRESIDENT

From: Charlie Schultze *CIS by WN*

Subject: An Inflation Scorecard

1. The Scorecard

Using estimates worked up by the staff of the Council on Wage and Price Stability, we have put together an "inflation scorecard." The scorecard presents an estimate of the effect on the price level and the rate of inflation of government actions taken or proposed this year.

The impact on price inflation of Administration decisions to date (excluding economic stimulus actions) is highlighted in the attached table. The inflationary impact is shown in terms of the direct effect on the GNP price deflator (the price index for all goods and services). The table presents the inflation impact only and, of course, does not reflect the other considerations which went into these decisions. The estimates are, of necessity, uncertain but do reflect a balancing of some widely diverse views and studies.

The right-hand column, labeled "total effect" provides an estimate of the combined direct and indirect price effects (as the initial price rise ripples through the economy) over the two succeeding years. The indirect effect results principally from the impact of higher prices on wages and then back on other prices. Existing empirical studies suggest that the total effect will be one and a half to two times the direct effect within a two-year period.

The estimated cumulative effect on the price level reflects the total cost of the decisions made since the beginning of this Administration. However, since the economic impacts will be experienced at different times in the future, these estimates do not measure the increased inflation rate for any one specific year. Rather, they

indicate the total increase in the price level which will occur when they become effective. In most cases the impact will come over the next three or four years, but in some cases it will be stretched over a decade or more.

## 2. Effect of decisions to date

The scorecard indicates 11 of the proposals most significant for inflation. The estimates show:

- o When they all take effect, actions to date will add 2 to 3.3 percent to the level of prices.
- o For the period 1977-81, the actions will on average add between 0.6 and 0.8 percent to the annual inflation rate.

Such additions are not huge. Moreover, the energy program is about one-third of the total, and higher prices there are unavoidable. But these are the effects of less than one year of the Administration's life:

- o If we ignore energy, regard social security as nonrecurring, but continue at the same pace for the rest, we will have added almost 1 percent to the average rate of inflation between now and 1981.

## 3. Economic implications

There are two kinds of economic effects of the higher inflation:

1. An acceleration of inflation leads to justifiable concerns among businesses and consumers. As a result, businesses may reduce investment in new plant and equipment, and consumers may raise their savings rates as a precautionary measure.
2. The most serious problem comes if economic policy, especially monetary policy, is forced to rein in the economy because of fears of inflation.

But using monetary or fiscal policy to create economic slack and thereby offset the inflationary

consequences of policies is enormously expensive. It is generally estimated that the economy must sacrifice \$10 billion in lost goods and services to offset each 0.10 percent rise in prices.

### Conclusion

Many of these actions cannot be avoided. But the estimates underline a continuing problem: Most of the actions that we take to preserve the environment, finance social security, or protect particular industries from economic adversity have price-raising effects. The spread of formal cost-of-living escalator and informal arrangements that relate wages and fringe benefits to price increase then multiply the effect.

It is natural, and understandable, that groups which push for particular protective actions try to minimize the inflationary impact.

The moral is not that the Administration take a pledge of total abstinence. That is impossible -- and in cases like the energy program, undesirable. But we should screen every major proposal for its inflationary impact, and be continually aware that the cumulative effect of a number of small actions can become very large.

In any case it is clear that so far our anti-inflation policy has not proved terribly effective. For this reason, CEA and CWPS are developing further options. We will meet shortly with Mike Blumenthal and other Cabinet members to discuss these options. When these discussions are completed, I will report to you.

	Direct effect on GNP deflator (percent change)	Total effect on GNP deflator (percent change)
Hospital cost containment legislation proposed 4-77. Would "cap" hospital revenue increases and capital outlays. The former would lessen inflation as early as 1978; the latter (excluded from these estimates) not before 1980.	-.03	-.12 to -.16
Minimum wage increase from \$2.30 to \$2.65 for 1978, reaching 53% of average manufacturing wage in 1981.	+.40	+.60 to +.80
Dairy price supports rose 4-77 from \$8.26/cwt to \$9.00/cwt (i.e., from 77% to 82% of parity), which implies a 3.5% increase in retail dairy prices.	+.07	+.10 to +.14
Clean air amendments require best available control technology (BACT) for new plants. Coupled with this is a ban on use of tall stacks for power plants. These will boost electric utility capital outlays each year 1980-90. [Due to lack of data, the estimate ignores costs to other industries (paper, smelting, etc.)]	+.03	+.05 to +.06
Shoe import restraints in the form of negotiated ceilings are expected to increase costs of shoes roughly \$500 million, though estimates vary widely. ITC's alternative on tariff-quotas would have boosted GNP deflator roughly three times as much.	+.02 to +.04	+.03 to +.08
Television import restraints in form of negotiated ceiling on Japanese imports (1.75 million sets) will raise costs \$250 million. This is less than half the inflationary impact of the 20% tariff recommended by ITC on both black-white and color sets.	+.01	+.02
Airline deregulation bill could result in lower air fares, possibly about \$1.5B annually (GAO).	-.09	-.13 to -.18
Energy program, excluding gasoline tax proposal (inclusion of gasoline tax would increase this estimate .5).	+.40 to +.60	+.60 to 1.20

	Direct effect on GNP deflator (percent change)	Total effect on GNP deflator (percent change)
Maritime oil pollution measures consisting of double bottom and segregated ballast requirements for tankers	+ .05	+ .08 to + .10
Cargo preference bill to require 9.5% of imported oil be carried on U.S. ships by 1985, expected to increase U.S. fuel costs by \$110 million (Administration estimate) to \$600 million (GAO, FTC).	+ .01 to + .03	+ .02 to + .06
Social security financing reform, including increased payroll taxes (but less than Senate Finance Committee proposal).	+ .50 to + .60	+ .75 to + 1.20
	<hr/> + 1.32 to + 1.66	<hr/> + 2.00 to + 3.32
Cumulative increment to price level	+ 1.3 to + 1.7	+ 2.0 to + 3.3

THE WHITE HOUSE

WASHINGTON

October 17, 1977

The Vice President  
Stu Eizenstat  
Hamilton Jordan  
Bob Lipshutz  
Frank Moore  
Jody Powell  
Jack Watson  
Jim McIntyre

The attached will be submitted  
to the President. This copy  
is forwarded to you for your  
information.

Rick Hutcheson

INFLATION SCORECARD

THE WHITE HOUSE  
WASHINGTON

October 17, 1977

Jack Watson

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

Rick Hutcheson

.RE: NANCY ABRAMS' NOTE TO YOU  
REGARDING DATA DYNAMICS

THE PRESIDENT HAS SEEN

THE WHITE HOUSE  
WASHINGTON

October 14, 1977

*Jack -  
ok, but call  
Nancy  
J*

MEMORANDUM FOR THE PRESIDENT

FROM: Jack Watson *Jack*  
SUBJECT: NANCY ABRAMS' NOTE TO YOU REGARDING  
DATA DYNAMICS

In following up on your note to me to check with the Defense Department regarding Data Dynamics, I have learned the following facts:

- (1) Data Dynamics is a software computer company which operates out of Tampa, Florida. It is presently working on components for a satellite control facility located in Sunnyvale, California. Its current \$700,000 annual contract expires next month. The Defense Department, however, has just renewed the contract for another year, so that if Nancy's concerns had to do with the contract renewal, they have been allayed.
- (2) For your information, the Defense contract procurement officer described Data Dynamics as a splendid company which "performed its contract very well."

I am still in the process of determining whether or not there is more to the situation than I have just described. It may be that Data Dynamics is competing on a larger contract and is fearful of being "out-politicked" by bigger companies, notwithstanding its impressive performance. The people that I talked with at DoD knew nothing about that situation but are checking into the matter further. When I am confident that I have the whole set of facts, I will be happy to call Mike Abrams and talk with him, if you would like for me to do so.

This is not a matter that you should be concerned with any further.

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for Preservation Purposes



THE WHITE HOUSE  
WASHINGTON

October 17, 1977

MR. PRESIDENT:

The attached is for your information.

Frank Moore

THE PRESIDENT HAS SEEN.  
The Speaker's Rooms  
U.S. House of Representatives  
Washington, D. C. 20515

6:00 PM  
1. J. M.  
C

October 17, 1977

Dear Colleague:

House conferees on the Foreign Assistance Appropriations bill have worked out a very good compromise which preserves the basic essence of the House position. At the same time, it avoids inflicting direct and serious embarrassment upon the President of the United States in the conduct of our foreign policy.

The report will come to the House on Tuesday. We believe it is vitally important that the conference report be upheld.

Last Thursday, the President, by letter to Chairman Clarence Long, made some significant assurances to the House in keeping with our expressed wishes on the Foreign Assistance program:

(1) The President specifically stated that he will instruct the United States Representatives to the international financial institutions to oppose and vote against loans to Vietnam, Laos, Cambodia, Uganda, Mozambique, Angola, and Cuba.

(2) The President also declared that he will instruct the United States Representatives to oppose and to vote against loans for the production and export of sugar, palm oil, and citrus crops if such assistance will cause injury to United States producers of such commodities.

(3) In addition, the President has directed the Secretary of the Treasury, in consultation with the Congress, to undertake a thorough study of how the whole range of U.S. objectives can best be pursued in these Banks.

Based upon these strong assurances, the conferees agreed to alter the absolute prohibitions against all indirect aid to these countries, since that would have violated the charters of the international lending institutions of which our country is a member, rendering them incapable of accepting U.S. contributions. This would have been deeply embarrassing to the President, who has actively persuaded other countries to increase their contributions, thus sharing the load to a much greater extent.

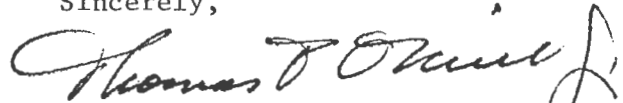
All prohibitions against direct aid from the U.S. to various countries remain fully intact, just as voted by the House. The Senate receded in those respects.

Based upon these compromises, the House-Senate conferees were able to work out an agreement on all the issues in disagreement. The conference report was filed without any amendments in true disagreement.

In addition to the matters above mentioned, the conference agreement provides funding for the Middle East (Egypt, Israel, Syria, Jordan), the African nations, Italy disaster relief, Cyprus, the international banks, bilateral development assistance, international narcotics control, Peace Corps, etc.

We feel the House conferees obtained the best possible compromise that could be obtained. In pursuance of the objective of a bipartisan and effective foreign policy, and in cooperation with the President, we strongly urge all members to support the conference agreement.

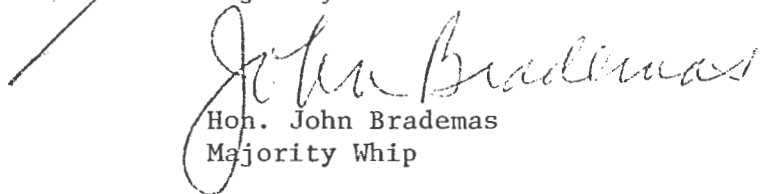
Sincerely,



Hon. Thomas P. O'Neill  
Speaker



Hon. Jim Wright  
Majority Leader



Hon. John Brademas  
Majority Whip

THE WHITE HOUSE  
WASHINGTON

October 17, 1977

Jack Watson

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

Rick Hutcheson

cc: The Vice President  
Midge Costanza  
Stu Eizenstat  
Tim Kraft  
Fran Voorde

RE: JOHN PORTMAN LETTER ON  
PRESIDENTIAL DINNER FOR  
BUSINESSMEN

THE WHITE HOUSE  
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
/	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
	/	MONDALE
	/	COSTANZA
	/	EIZENSTAT
		JORDAN
		LIPSHUTZ
		MOORE
		POWELL
/		WATSON
		LANCE
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
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	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	KING

/	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
/	VOORDE
	WARREN

THE WHITE HOUSE  
WASHINGTON

10/16/77

Mr. President:

Tim Kraft suggests a  
working luncheon.

Rick

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

October 14, 1977

*ok for  
Luncheon  
J*

MEMORANDUM FOR THE PRESIDENT

FROM: Jack Watson *Jack*

SUBJECT: JOHN PORTMAN LETTER ON  
PRESIDENTIAL DINNER FOR BUSINESSMEN

My original suggestion regarding John Portman's proposal for a Presidential dinner with a group of business leaders from across the country to discuss urban problems was to use that dinner as an opportunity to discuss our "urban investment team" concept of a partnership between the federal, state and local governments and the private sector in dealing with urban problems. We could use such an occasion to emphasize the critically important role of the private sector in revitalizing and stabilizing urban areas, and to underscore the fact that responsibility for dealing with major urban problems does not lie merely with the cities and the federal government.

In order for such a meeting to be more than a general exhortation, I think we should be prepared to discuss some specific suggestions and examples of how the private sector can help. I think that such a dinner should wait for further development of the South Bronx "prototype" and for some sharpening of Stu's work on longer-range urban policy.

#### Recommendation

I recommend that I call John Portman (whom I know and have worked with before) and briefly explain the status of our work on the South Bronx project and urban policy in general. We might work toward a White House dinner for early December. We should have developed enough specific ideas by that time to make such a dinner meeting more productive.

**Electrostatic Copy Made  
for Preservation Purposes**

THE WHITE HOUSE

WASHINGTON

Date: October 14, 1977

MEMORANDUM

FOR ACTION:

Tim Kraft

FOR INFORMATION:

Stu Eizenstat

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Watson memo dated 10/14/77 re John Portman letter on  
Presidential Dinner for Businessmen

YOUR RESPONSE MUST BE DELIVERED  
TO THE STAFF SECRETARY BY:

TIME: 11:00 AM

DAY: Monday

DATE: October 17, 1977

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☐ I concur.

☐ No comment.

*Please note other comments below:*

**PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.**

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)



THE WHITE HOUSE  
WASHINGTON

/	FOR STAFFING
	FOR INFORMATION
	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION  
FYI

	MONDALE
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	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

Date: October 14, 1977

MEMORANDUM

## FOR ACTION:

Tim Kraft

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Stu Eizenstat

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TIME: 11:00 AM

DAY: Monday

DATE: October 17, 1977

## ACTION REQUESTED:

☒ Your comments

Other:

## STAFF RESPONSE:

☐ I concur.☐ No comment.

Please note other comments below:

The President gets enough  
state dinners - let's convert  
this to working luncheon  
TK

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required  
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THE WHITE HOUSE

WASHINGTON

October 14, 1977

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